

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 91-662-C - ORDER NO. 92-426
JUNE 3, 1992

IN RE: Application of Working Assets Funding)	ORDER
Service, Inc. for a Certificate of)	DENYING
Public Convenience and Necessity to)	CERTIFICATE
Operate as a Reseller of Telecommuni-)	
cations Services in South Carolina.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Working Assets Funding Service, Inc. (Working Assets or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. Working Assets' Application was filed pursuant to S.C. Code Ann. §58-9-280 (1976) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Working Assets to publish a prepared Notice of Filing in newspapers of general circulation in the affected areas one time. The purpose of the Notice of Filing was to inform interested parties of Working Assets' Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Working Assets complied with this instruction and provided the Commission

with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone & Telegraph Company (Southern Bell) and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced on April 7, 1992, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Marjorie Amos-Frazier presided. Arthur G. Fusco, Esquire, represented Working Assets; Caroline N. Watson, Esquire, represented Southern Bell; Carl F. McIntosh, Esquire, represented the Consumer Advocate; and Gayle B. Nichols, Staff Counsel, represented the Commission Staff.

After full consideration of the applicable law, the Application, and all of the evidence, the Commission hereby issues its findings of fact and conclusions of law.

FINDINGS OF FACT

1. Working Assets was incorporated in the State of California in 1985 to offer various consumer services which provide contributions to non-profit organizations. Working Assets is authorized to do business as a foreign corporation in the State of South Carolina. In May of 1991, Working Assets became a reseller of U.S. Sprint's long distance telecommunications services.

2. Working Assets proposes to subscribe to and resell the interexchange telecommunications services of U.S. Sprint on an interLATA basis within the State of South Carolina. Working Assets does not intend to manage, own, or construct its own switching facilities or other equipment.

3. Working Assets is certified to offer its long distance

service in 26 states and has 40,000 customers.

4. According to the balance sheet submitted with its Application, as of October 31, 1991, Working Assets had \$944,713 in cash, \$232,270 of which was segregated to the Company's restricted donations account. At the same time, the Company had outstanding \$1,525,000 worth of preferred stock. According to its income statement, for the ten months ending October 31, 1991, the Company had a net loss of \$448,451.

As of December 31, 1991, Working Assets had \$655,950 in cash at hand, of which \$404,274 was restricted for donation purposes. For the twelve months ending December 31, 1991, Working Assets had a net loss of \$684,668. During the fourth quarter of 1991, the Company raised \$1,035,000 by issuing new preferred stock. Working Assets states that since December 31, 1991, it raised \$425,000 through the issuance of additional preferred stock and that it anticipates raising an additional \$1,000,000 in subordinated debt. Working Assets states that although it currently has a \$1,000,000 line of credit with Society Bank and Trust of Toledo, Ohio, it expects this letter of credit to be reduced to \$400,000 during 1992 and to zero in 1993. Hearing Exhibit 2.

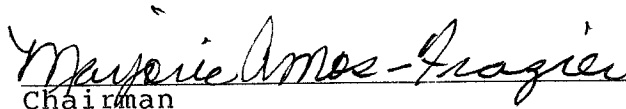
CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that Working Assets' Application for a Certificate of Public Convenience and Necessity should be denied. The Commission concludes that, while it appears liquid, the Company's cash reserves were obtained through issuances of preferred stock and

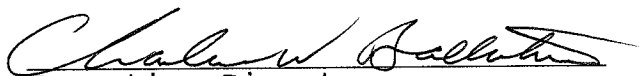
acquisitions of credit, not through earnings. The Commission notes that Working Assets expects at least one bank to reduce its line of credit from \$1,000,000 to zero in 1993. Further, the Commission recognizes that Working Assets' unrestricted cash on hand was reduced from \$712,443 to \$251,676 between October 31 and December 31, 1991, and that for the same period the Company's net loss increased \$236,217. Accordingly, because of its concerns about Working Assets' financial stability, the Commission denies the Company's Application.

IT IS SO ORDERED.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director
(SEAL)

YONCE, dissenting. I respectfully dissent. It is my opinion that the Company has sufficient financial backing to support its intended operations in South Carolina. Accordingly, I would grant Working Assets' Application for a Certificate of Public Convenience and Necessity.